

NO ANALYSIS REQUIRED

Franchise Tax Board

Author: Chavez Analyst: Jeff Garnier Bill Number: AB 1338
Related Bills: See Prior Analysis Telephone: 845-5322 Amended Date: May 1, 2003
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Withholding on California Real Estate to 9.3%

- ____ ANALYSIS NOT REQUIRED of this bill -- Not within scope of responsibility of this department.
- ____ TECHNICAL BILL -- No program or fiscal changes to existing program.
- ____ BILL AS AMENDED NO LONGER WITHIN SCOPE of responsibility or program of the department.
- X TECHNICAL AMENDMENT -- No change in previously submitted analysis required. Approved position of prior analysis is PENDING.
- ____ MINOR AMENDMENT -- No change in previously submitted analysis required. Approved position of prior analysis is _____.
- ____ MINOR AMENDMENT -- No change in approved position of _____.
- ____ See comments below.
- ____ OTHER - See comments below.

COMMENTS:

The May 1, 2003, amendments made technical changes restating certain conditions that the failure to withhold penalty would not be assessed on withholding agents. The department's analysis for the April 22, 2003, version of the bill still applies.

This bill would:

- Modify the real estate withholding provisions so the withholding amount more closely matches the actual tax due on the sale of the property,
- Broaden the principal residence withholding exemption to include the sale of a residence that was last used prior to the sale as the taxpayer's principal residence, and
- Exempt from withholding the sale of real property sold by licensed general contractors if the property was held for sale as inventory in the taxpayer's construction business.

Board Position:

____ S	____ NA	____ NP
____ SA	____ O	<u>X</u> NAR
____ N	____ OUA	____ PENDING

Franchise Tax Board Staff

Date

Jeff Garnier

5/21/03